



Livi Bank

Interim Report

2024

LIVI BANK LIMITED

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Chinese translation

A Chinese translation of Interim Report is available upon request. The report is also available, in English and Chinese, on the Bank's website at www.livi.com.

LIVI BANK LIMITED

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE PERIOD ENDED 30 JUNE 2024

	Notes	6 months ended 30 June 2024 HK\$'000	6 months ended 30 June 2023 HK\$'000
Operating income			
Interest income		138,607	66,786
Interest expense		(36,925)	(40,109)
Net interest income	3	101,682	26,677
Fee and commission income		11,762	16,214
Fee and commission expense		(8,985)	(10,126)
Net fee and commission income		2,777	6,088
Other (expense)/income		(288)	76
TOTAL OPERATING INCOME		104,171	32,841
Operating expenses			
Staff costs		(69,661)	(117,975)
Legal and professional fees		(1,942)	(3,243)
Auditor's remuneration		(1,055)	(1,048)
Depreciation on property, plant and equipment	8	(14,303)	(14,413)
Amortisation of intangible assets	9	(46,786)	(61,177)
Other operating expenses		(49,432)	(110,220)
TOTAL OPERATING EXPENSES		(183,179)	(308,076)
Net operating loss before net charges of impairment losses		(79,008)	(275,235)
Net charges of impairment losses		(45,529)	(32,776)
LOSS FOR THE PERIOD		(124,537)	(308,011)
Other comprehensive loss			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Financial assets at fair value through other comprehensive income ("FVOCI"):			
– Fair value changes		(2,885)	(4,723)
– Impairment losses recognised		45	35
OTHER COMPREHENSIVE LOSS FOR THE PERIOD		(2,840)	(4,688)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(127,377)	(312,699)

LIVI BANK LIMITED

CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AT 30 JUNE 2024

	Notes	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Assets			
Cash and balances with banks	4	321,766	269,806
Placements with banks	5	364,888	359,809
Financial investments	6	2,397,735	2,430,153
Loans and advances to customers	7	1,621,639	1,573,706
Property, plant and equipment	8	27,447	41,750
Intangible assets	9	128,744	176,474
Prepayments and other assets		39,531	43,488
TOTAL ASSETS		4,901,750	4,895,186
Liabilities			
Customer deposits	10	2,255,140	2,191,192
Balances from banks		452,147	350,038
Repurchase agreement	11	200,000	200,000
Lease liabilities		18,967	25,431
Other liabilities and provisions		91,957	117,609
TOTAL LIABILITIES		3,018,211	2,884,270
NET ASSETS		1,883,539	2,010,916
Equity			
Share capital	12	3,792,000	3,792,000
Other equity instruments	13	799,076	799,076
Reserves		(2,707,537)	(2,580,160)
TOTAL EQUITY		1,883,539	2,010,916

LIVI BANK LIMITED

CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 30 JUNE 2024

	Share capital HK\$'000	Other equity instruments HK\$'000	Accumulated losses HK\$'000	FVOCI reserve HK\$'000	Total HK\$'000
At 1 January 2023	2,800,000	–	(2,021,178)	1,693	780,515
Loss for the period	–	–	(308,011)	–	(308,011)
Change in fair value on financial assets at FVOCI	–	–	–	(4,723)	(4,723)
Impairment losses recognised	–	–	–	35	35
Total comprehensive loss for the period	–	–	(308,011)	(4,688)	(312,699)
Issue of other equity instruments	–	799,076	–	–	799,076
At 30 June 2023	2,800,000	799,076	(2,329,189)	(2,995)	1,266,892
At 1 July 2023	2,800,000	799,076	(2,329,189)	(2,995)	1,266,892
Loss for the period	–	–	(252,357)	–	(252,357)
Change in fair value on financial assets at FVOCI	–	–	–	4,322	4,322
Impairment losses recognised	–	–	–	59	59
Total comprehensive (loss)/income for the period	–	–	(252,357)	4,381	(247,976)
Issue of share capital	992,000	–	–	–	992,000
At 31 December 2023	3,792,000	799,076	(2,581,546)	1,386	2,010,916
At 1 January 2024	3,792,000	799,076	(2,581,546)	1,386	2,010,916
Loss for the period	–	–	(124,537)	–	(124,537)
Change in fair value on financial assets at FVOCI	–	–	–	(2,885)	(2,885)
Impairment losses recognised	–	–	–	45	45
Total comprehensive loss for the period	–	–	(124,537)	(2,840)	(127,377)
At 30 June 2024	3,792,000	799,076	(2,706,083)	(1,454)	1,883,539

LIVI BANK LIMITED

CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE PERIOD ENDED 30 JUNE 2024

	6 months ended 30 June 2024 HK\$'000	6 months ended 30 June 2023 HK\$'000
Cash flows from operating activities		
Loss for the period	(124,537)	(308,011)
Adjustments for non-cash items:		
Depreciation on property, plant and equipment	14,303	14,413
Amortisation of intangible assets	46,786	61,177
Loss on disposal of intangible assets	944	–
Net charges of impairment losses	45,529	32,776
Interest expense on lease liabilities	527	819
	<u>(16,448)</u>	<u>(198,826)</u>
Changes in operating assets and liabilities		
Decrease in placements with banks with an original maturity beyond three months	100,000	–
Increase in financial investments with an original maturity beyond three months	(449,731)	(167,015)
Increase in loans and advances to customers	(92,709)	(475,848)
Decrease/(increase) in prepayments and other assets	2,278	(4,905)
Increase/(decrease) in customer deposits	63,948	(573,595)
Increase in balances from banks	102,109	–
Decrease in other liabilities and provisions	(24,480)	(72,058)
	<u>(315,033)</u>	<u>(1,492,247)</u>
Net cash flows used in operating activities		
Cash flows from investing activities		
Purchase of property, plant and equipment	–	(69)
Purchase of intangible assets	–	(47,156)
	<u>–</u>	<u>(47,225)</u>
Net cash flows used in investing activities		
Cash flows from financing activities		
Payment of lease liabilities	(6,991)	(7,526)
Issue of other equity instruments	–	799,076
	<u>(6,991)</u>	<u>791,550</u>
Net cash flows (used in)/generated from financing activities		

LIVI BANK LIMITED

CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED) (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2024

	Notes	6 months ended 30 June 2024 HK\$'000	6 months ended 30 June 2023 HK\$'000
Net decrease in cash and cash equivalents		(322,024)	(747,922)
Cash and cash equivalents at beginning of period		<u>1,118,279</u>	<u>1,715,183</u>
Cash and cash equivalents at end of period	14	<u>796,255</u>	<u>967,261</u>

LIVI BANK LIMITED

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) 30 JUNE 2024

1. GENERAL INFORMATION

Livi Bank Limited (the “Bank”) is incorporated and operates a virtual banking business in Hong Kong after being granted the license by the HKMA on 27 March 2019. The address of the Bank’s registered office is 28th floor, Oxford House, 979 King’s Road, Quarry Bay, Hong Kong.

2.1 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in compliance with Hong Kong Accounting Standard (“HKAS”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The preparation of the condensed interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates. In preparing the condensed interim financial statements, the significant judgements made by management in applying the Bank’s accounting policies and the key sources of estimation uncertainty were consistent with those that were applied to the financial statements for the year ended 31 December 2023.

The condensed interim financial statements should be read in conjunction with the financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). The condensed interim financial statements are unaudited.

2.2 BASIS OF PREPARATION

The accounting policies applied in preparing these condensed interim financial statements are materially consistent with those applied in preparing the financial statements for the year ended 31 December 2023. The following revised accounting standards became effective from 1 January 2024. None of the revised accounting standard has a material impact on the condensed interim financial statements.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “2020 Amendments”)
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “2022 Amendments”)

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED) 30 JUNE 2024

3. NET INTEREST INCOME

	6 months ended 30 June 2024 HK\$'000	6 months ended 30 June 2023 HK\$'000
Interest income from financial assets measured at amortised cost	94,815	43,137
Interest income from financial assets measured at FVOCI	43,792	23,649
	<hr/>	<hr/>
Total interest income	138,607	66,786
	<hr/>	<hr/>
Interest expense from financial liabilities measured at amortised cost	(36,398)	(39,290)
Interest expense on lease liabilities	(527)	(819)
	<hr/>	<hr/>
Total interest expense	(36,925)	(40,109)
	<hr/>	<hr/>
Net interest income	101,682	26,677
	<hr/> <hr/>	<hr/> <hr/>

4. CASH AND BALANCES WITH BANKS

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Cash and balances with banks – Stage 1	321,905	269,895
Less: Allowances for impairment losses – Stage 1	(139)	(89)
	<hr/>	<hr/>
	321,766	269,806
	<hr/> <hr/>	<hr/> <hr/>

5. PLACEMENTS WITH BANKS

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Placements with banks – Stage 1	364,911	359,841
Less: Allowances for impairment losses – Stage 1	(23)	(32)
	<hr/>	<hr/>
	364,888	359,809
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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED) 30 JUNE 2024

6. FINANCIAL INVESTMENTS

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
At FVOCI:		
Debt securities – Stage 1	1,898,642	2,233,535
Less: Revaluation (losses)/gains	<u>(1,719)</u>	<u>1,166</u>
	<u>1,896,923</u>	<u>2,234,701</u>
At amortised cost:		
Certificate of deposits – Stage 1	501,039	195,520
Less: Allowances for impairment losses – Stage 1	<u>(227)</u>	<u>(68)</u>
	<u>500,812</u>	<u>195,452</u>
	<u>2,397,735</u>	<u>2,430,153</u>

7. LOANS AND ADVANCES TO CUSTOMERS

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Loans and advances to customers	1,677,753	1,624,743
Less: Allowances for impairment losses		
– Stage 1	(17,877)	(20,524)
– Stage 2	(9,958)	(11,472)
– Stage 3	<u>(28,279)</u>	<u>(19,041)</u>
	<u>1,621,639</u>	<u>1,573,706</u>

LIVI BANK LIMITED

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED) 30 JUNE 2024

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Computer equipment HK\$'000	Office equipment, furniture and fixtures HK\$'000	Right-of-use assets HK\$'000	Total HK\$'000
Cost					
At 1 January 2024 and 30 June 2024	21,503	83,506	936	82,989	188,934
Accumulated depreciation					
At 1 January 2024	18,006	69,899	936	58,343	147,184
Charge for the period	1,970	5,857	–	6,476	14,303
At 30 June 2024	19,976	75,756	936	64,819	161,487
Net book value					
At 30 June 2024	1,527	7,750	–	18,170	27,447
Cost					
At 1 January 2023	21,503	83,437	936	82,454	188,330
Additions	–	69	–	535	604
At 31 December 2023	21,503	83,506	936	82,989	188,934
Accumulated depreciation					
At 1 January 2023	13,910	58,174	896	45,482	118,462
Charge for the year	4,096	11,725	40	12,861	28,722
At 31 December 2023	18,006	69,899	936	58,343	147,184
Net book value					
At 31 December 2023	3,497	13,607	–	24,646	41,750

LIVI BANK LIMITED

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED) 30 JUNE 2024

9. INTANGIBLE ASSETS

The Bank recognised intangible assets which included separately acquired software and systems developed with external parties.

	Software HK\$'000
Cost	
At 1 January 2024	526,259
Disposals	(944)
	<hr/>
At 30 June 2024	525,315
	<hr/>
Accumulated amortisation	
At 1 January 2024	349,785
Amortisation for the period	46,786
	<hr/>
At 30 June 2024	396,571
	<hr/>
Net book value	
At 30 June 2024	128,744
	<hr/> <hr/>
Cost	
At 1 January 2023	476,168
Additions	67,201
Disposals	(17,110)
	<hr/>
At 31 December 2023	526,259
	<hr/>
Accumulated amortisation	
At 1 January 2023	234,824
Amortisation for the year	119,589
Disposals	(4,628)
	<hr/>
At 31 December 2023	349,785
	<hr/>
Net book value	
At 31 December 2023	176,474
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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED) 30 JUNE 2024

10. CUSTOMER DEPOSITS

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Savings accounts	628,260	642,166
Time deposits	1,626,880	1,549,026
	<u>2,255,140</u>	<u>2,191,192</u>

11. TRANSFERS OF FINANCIAL ASSETS

The following table analyses the carrying amount of the financial assets transferred to counterparty as collateral under repurchase agreements that do not qualify for derecognition and their association financial liabilities:

	At 30 June 2024		At 31 December 2023	
	Carrying amount of transferred assets HK\$'000	Carrying amount of associated liabilities HK\$'000	Carrying amount of transferred assets HK\$'000	Carrying amount of associated liabilities HK\$'000
Repurchase agreement	<u>201,619</u>	<u>200,000</u>	<u>201,739</u>	<u>200,000</u>

12. SHARE CAPITAL

	No. of ordinary shares	Share Capital HK\$'000
Ordinary shares, issued and fully paid		
At 1 January 2023	2,800,000,000	2,800,000
Issuance of shares	992,000,000	992,000
	<u>3,792,000,000</u>	<u>3,792,000</u>
At 31 December 2023, 1 January 2024 and 30 June 2024	<u>3,792,000,000</u>	<u>3,792,000</u>

LIVI BANK LIMITED

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED) 30 JUNE 2024

13. OTHER EQUITY INSTRUMENTS

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Undated non-cumulative subordinated Additional Tier 1 capital securities	799,076	799,076

In May 2023, the Bank issued HKD800 million undated non-cumulative subordinated Additional Tier 1 capital securities. The capital securities are perpetual securities in respect of which there is no fixed redemption date and are not callable within the first 5 years. They have an initial rate of distribution of 9.80% per annum payable in arrears which may be cancelled at the sole discretion of the Bank.

14. CASH AND CASH EQUIVALENTS

(a) Analysis of balances of cash and cash equivalents

	At 30 June 2024 HK\$'000	At 30 June 2023 HK\$'000
Cash and balances with banks	321,905	236,194
Placements with banks with an original maturity within three months	364,911	147,722
Exchange Fund Bills with an original maturity within three months	109,439	583,345
	<u>796,255</u>	<u>967,261</u>

(b) Reconciliation with the statement of financial position

	At 30 June 2024 HK\$'000	At 30 June 2023 HK\$'000
Cash and balances with banks	321,766	236,119
Placements with banks	364,888	147,617
Financial investments	2,397,735	1,480,487
	<u>3,084,389</u>	<u>1,864,223</u>
Amounts shown in the statement of financial position	3,084,389	1,864,223
Less: Amounts with an original maturity of beyond three months	(2,288,523)	(897,171)
Add: Allowances for impairment losses	389	209
	<u>796,255</u>	<u>967,261</u>
Cash and cash equivalents in the statement of cash flows	796,255	967,261

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED) 30 JUNE 2024

15. FAIR VALUE OF ASSETS AND LIABILITIES

Financial instruments measured at fair value – fair value hierarchy

	At 30 June 2024			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Debt securities at FVOCI	<u>1,605,405</u>	<u>291,518</u>	<u>–</u>	<u>1,896,923</u>

	At 31 December 2023			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Debt securities at FVOCI	<u>2,016,116</u>	<u>218,585</u>	<u>–</u>	<u>2,234,701</u>

At 30 June 2024 and 31 December 2023, the Bank's financial assets and financial liabilities at amortised cost are primarily repayable within 12 months. The carrying amounts of these financial assets and financial liabilities approximate their fair values.

16. MATERIAL RELATED PARTY TRANSACTIONS

There were no significant changes to the nature of the related party transactions described in the 2023 financial statements that have a material effect on the financial position or performance of the Bank during the 6 months ended 30 June 2024.

17. LOAN COMMITMENTS

At the reporting date, the Bank had the following outstanding commitments:

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Loan commitments which are unconditionally cancellable	<u>3,049,330</u>	<u>3,146,788</u>

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED) 30 JUNE 2024

18. CAPITAL COMMITMENTS

The Bank has the following outstanding capital commitments not provided for:

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Authorised and contracted for but not provided for	<u>832</u>	<u>858</u>

The above capital commitments mainly relate to commitments to purchase computer equipment and software.

19. EVENTS AFTER THE REPORTING PERIOD

There have been no events after the reporting date that would require disclosure in these financial statements.

20. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 17 September 2024.

Livi Bank Limited
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